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THE ECONOMICS OF INSANITY

THE EDITORS

REFLECTIONS ON THE CUBAN REVOLUTION

PAUL A. BARAN

The World of Science

PHILIP MORRISON

VOL. 12

9

EDITORS . . . LEO HUBERMAN . . . PAUL M. SWEEZY

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NOTES FROM THE EDITORS

Some readers—we hope only a few—have complained that we have been devoting too much space to Cuba and not enough to other hot spots around the world. This month's and next month's issues will not allay their dissatisfaction. We have several reasons for this particular space allocation, and we think they are compelling: (1) The Cuban Revolution represents a decisive breakthrough for socialism in the Western Hemisphere. We are convinced that historians of the future will look back on this as one of the turning points of history. (2) We happen to be in an exceptionally favorable position to report on the Cuban Revolution, and we believe that the best way we can now serve the cause of world socialism is to make the most of it. In this connection, we remind readers that MR has a worldwide circulation and that in many countries (including the United States) there is almost no reliable information available on Cuban developments. (3) Unfortunately, we are not in a favorable position to report on Algeria, the Congo, Southeast Asia, and other critical areas, and in any case we couldn't hope to cover them all. This doesn't mean that we will neglect opportunities

(continued on inside back cover)

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THE ECONOMICS OF INSANITY

To read the business press you would think that the present state of the American economy is nothing to get excited about. Just a mild little recession, we are told, such as we have had three times since World War II; unless something unexpected happens, it should be all over some time next year and we'll be back on the onward and upward path.

This view of the matter is not necessarily wrong; it just leaves out what is most important in the present situation.

Geoffrey Moore of the National Bureau of Economic Research, the country's leading expert on the dating of business cycles, told the Joint Economic Committee on December 7th that the latest upswing reached its peak in May 1960. It began in April 1958. Its length was therefore 25 months. Previous postwar upswings have been 37, 42, and 39 months respectively for an average of 39 1/3 months. In other words, *the most recent upswing was less than two thirds as long as the postwar average.*

This drastic decline in the length of the prosperity phase of the business cycle certainly suggests that the long-run expansionary forces which have been in operation since the war are petering out.

Further evidence to the same effect can be seen in the rise of unemployment and excess productive capacity. The years in which the peaks of the last three upswings occurred were 1953, 1957, and 1960. Unemployment as a percentage of the civilian labor force in these years was as follows:

1953 —2.9 percent
1957 —4.3 percent
1960*—5.5 percent

With regard to excess capacity, the latest McGraw-Hill survey of business investment plans found that all manufacturing companies taken together were operating at 79 percent of capacity. (*Business Week,* November 19, 1960.) Since industrial

* Average for the first ten months.

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production had fallen off only from 110 to 107 from the peak in May to the September-October period when the survey was made, this means that at the top of the boom approximately one fifth of the country's productive capacity was lying idle. That is probably more than the *total* productive capacity of West Germany, now the world's second largest capitalist country!

Dramatically shorter upswings, sharply rising unemployment even at the peaks, a staggering burden of idle productive capacity—what do these things signify if not a profound state of economic stagnation?

This situation now raises a puzzling question. If it is true, as all the signs seem to indicate, that there has been a decisive weakening of the expansionary forces which buoyed up the economy in the decade and a half after the war, why is this not reflected in deeper and longer depressions? Of course, it must be admitted that the present downswing may go further and last longer than its predecessors: in that case the puzzling question would be answered. But present indications do not seem to point in that direction. So far the downswing has been mild and, like its postwar predecessors, has been largely governed by a slowing down in the rate of inventory accumulation and, in the last couple of months, by an actual reduction of inventories. Since the ratio of inventories to sales is still considerably higher than it was a year ago, further liquidation seems to be highly likely. But, so far at any rate, there is no sign of a collapse of business investment in plant and equipment. The McGraw-Hill survey cited above found that plans for capital spending in 1961 were only 3 percent lower than in 1960 ($35.07 billion compared to $36.06 billion). A reduction of this magnitude will exercise only a slightly depressing effect on the economy as a whole and can easily be offset by a rise in government spending, which is indeed already under way at all levels and seems likely to be hastened by the substitution of a Democratic for a Republican administration. Unless, therefore, consumers decide in the near future to spend a good deal less (and save correspondingly more), which is possible but does not seem to be probable, the inventory factor will most likely continue to control the direction of movement of the whole economy. But inventory fluctuations are in the nature of the case self-limiting and almost certainly incapable of pro-

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ducing either a deep or a long depression. From this we must conclude that, barring unforeseen developments, the outlook is for a relatively shallow downswing which will turn into another weak, inventory-dominated upswing some time next year, probably in the second half.

The key factor in all this, of course, is business investment. And the puzzle is why it doesn't go into a sharp decline. A full-page McGraw-Hill advertisement in the *New York Times* of November 22nd points up the issue in the following terms:

> Something new and very constructive is happening in American industry. It promises to add a major element of strength to business not only in 1961 but right along over the years ahead.
>
> What is happening is essentially this. American industry is planning to continue to invest heavily in new and better producing facilities in spite of the fact that it has an excess of capacity to produce its present range of products. . . .
>
> If historic investment patterns were being followed, our manufacturing companies, with only about 80 percent of their capacity being employed, would be cutting back new investment programs drastically, and cutting down prosperity in the process. But—and here is the dramatic new fact—they plan almost no cutbacks in their investment programs. They plan to invest almost as much (within 3%) in 1961 as they are investing this year. And this year they are investing 19 percent more than they did in 1959.

The ad then goes on to explain this "dramatic new fact" as being due to the following reasons: First, "a lot of this [existing] capacity is obsolete and costly to operate. Increasingly rugged competition is creating a strong inducement to replace this antique capacity with modern, more efficient equipment which is widely available." Second, "new investment is required to tool up for the manufacture of the new products being spawned by the continuing boom in industrial research and development." And third, "a major reason why American industry can combine the desire to carry out big new investment programs with the necessary financial capacity to do it is to be found in the growth of its reserves for depreciation." (To this source of investible cash should have been added another, namely, continuing high profits combined with relatively low dividend payout rates: it is hard to imagine anything more ludicrous than speaking in one

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sentence, as the ad does, of a "sharp" reduction in profits this year and then adding in the next that "the total of profits for the year will be down about 5 percent.")

From the point of view of traditional economic theory, this all sounds like the most perverse kind of nonsense. For that theory taught that excess capacity combined with "rugged competition" must lead to declining prices and profits. High-cost producers would soon find their gross profit margins so far reduced that they no longer covered depreciation. They would be forced to contract their operations and some would be eliminated altogether. Meanwhile, even the low-cost producers would suffer from a diminished flow of investible cash and would in most cases find it necessary to curtail their investment activity pending the establishment of a more profitable equilibrium between supply and demand. Elsewhere in the economy, other industries (especially industries producing new products) would find themselves with insufficient capacity to meet growing demand. In these cases prices and profit margins would rise, supplying the necessary incentive and financial means to invest in additional plant and equipment. Society was thus provided, in the form of the competitive price system, with a delicate mechanism for bringing supply and demand into balance by eliminating both excesses and shortages of productive capacity. To be sure, booms were periods of apparent *general* shortages of productive capacity, usually explained in the older theories as arising from the vagaries of the credit system. At such times all or most producers would attempt to expand beyond the eventual requirements of their markets. When the boom ended, perhaps because of a tight credit squeeze, the resulting imbalance would come to light and a period of liquidation would set in. This is what the McGraw-Hill ad refers to as "historic investment patterns," according to which "manufacturing companies, with only about 80 percent of their capacity being employed, would be cutting back new investment programs drastically, and cutting down prosperity in the process." Far from being meaningless and purely wasteful, however, such periods of depression were essential correctives of the inevitable mistakes of an unplanned system, necessary clearers of the ground for a new period of vigorous advance.

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It appears that this fine equilibrating mechanism, which has been the pride and joy of economists ever since Adam Smith, simply doesn't work any more. Instead we have a situation in which massive (and growing) excess capacity can coexist with stable prices and high profit margins. Corporations, still swimming in cash despite their surplus productive facilities, can invest all they want in cost-reducing, profit-raising (and usually labor-saving) machinery and methods. They can also pour money into research and development departments which turn up many new gimmicks and some genuinely new products, both requiring additional investment in plant and equipment. The upshot is that investment, like profit margins and cash flows, remains more or less stable rather than collapsing under the burden of excess capacity. But this relatively high level of investment simply adds further to excess capacity on the one hand and, because it is strongly biased toward cost reduction rather than output expansion, to unemployment on the other. Instead of going through a succession of genuine booms and busts, the economy sinks ever deeper into stagnation, displaying feeble ups and downs as inventories are alternately built up and allowed to run down.

Such would seem to be the "normal" state of affairs in this country today. That it has not been the actual state of affairs throughout the post-war period, that the tendency to stagnation has become clearly visible only in the last few years, is due to certain powerful but essentially transitory forces which operated on the economy in the decade immediately following the end of the war. During the later 1940's, the dominant force of this kind was the need to satisfy backlogs of demand for capital and consumer goods which had accumulated during the chronic depression of the 1930's and the war itself. In 1950, the great military buildup initiated by the Korean War got under way and carried government spending, both absolutely and relative to Gross National Product, to new peacetime highs. And throughout this period, a strong expansionary pressure was exerted by two further factors: (1) an accelerated increase of population which began during the war when both marriage and birth rates rose as people found themselves with higher incomes and more secure jobs; and (2) massive movements of population from region to region and, more important, from city to suburb.

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These forces were largely extraneous to the business system, but they all acted to enlarge the demands on the business system and thus to enable it both to expand its productive facilities and at the same time to keep them operating at somewhere near capacity levels. What has changed in the last three or four years is that the upward push of these extraneous forces has greatly weakened. The backlogs of unsatisfied demand which existed in 1945 have been fully met (and in the process the ratio of debt to income has increased tremendously); arms spending declined after the end of the Korean War and then levelled off at about $40 billion a year; population is still rising but no longer at an increasing rate; the great internal migrations of the 1940's and 1950's are tapering off. The business system, in short, is being increasingly "put on its own." And as a result we are beginning to see clearly for the first time since the 1930's that its natural state is not prosperity but stagnation. Even a sustained level of investment, which the McGraw-Hill economists consider to be so "very constructive," provides no way out. On the contrary, by expanding excess capacity and enabling existing plants to produce more with fewer workers, it only adds to the reservoir of unemployed men and unused machines which is the very hallmark of stagnation.

But why, it may be asked, doesn't the price mechanism swing into action and remedy all these manifest wastes and irrationalities, as generations of economists confidently believed it must? The answer, in one word, is *monopoly*. In an economy dominated by giant monopolistic corporations, the price mechanism no longer works as an equilibrator. On the contrary, it works as a *disequilibrator*. And the proof is there for all who can read—in the form of hard statistics on unemployment and excess capacity, not at the bottom of depressions but at the peak of "booms" that are really no booms at all.

Please do not misunderstand us. The foregoing analysis is not intended to deny the possibility that an old-fashioned depression may be superimposed on the new-style stagnation. The big corporations are keeping up their investment outlays in the manner revealed by the McGraw-Hill survey because they are still confident that it will pay off to do so. But who can say how much of this confidence may be simply a hangover of the big

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postwar boom, powered by the now-wilting forces discussed above? If it should turn out that this is indeed an important factor in the present situation, a day of awakening may not be long in coming. If the present recession should be more protracted than businessmen now expect, or if the next inventory "boom" should be as short and disappointing as the last one, the whole mood of the business community might change, as it has on numerous occasions in the past. The present willingness to invest might give way to the kind of pessimistic caution that prevailed during the 1930's. The result could easily be a much sharper downswing than anything we have seen since 1937-1938.

A similar effect could be produced by at least two other causes: a real break in the stock market or an international monetary crisis touched off by an accelerated run on United States gold reserves. We have discussed these possibilities in recent editorials (the stock market in April and the gold problem in October), and there is no need to elaborate here. It requires only to be added that the probability of their occurrence seems at least as great now as it was a few months ago, and that either would be very likely to touch off the other. The combined impact of the two in quick succession could be very severe indeed.

However you look at it, the economic prospect is gloomy. We described it as "creeping stagnation" in 1958 (July) when the economy was just turning up from the 1957-1958 recession; we repeat the diagnosis with much greater confidence two and a half years later when the economy is well into still another recession.

But what about government policy? Prominent members of the incoming Kennedy administration, and most notably the President-elect himself, have long and loudly criticized the Republicans for their do-nothing policies in the economic field. Presumably Messrs. Kennedy and Company intend to do better. What alternatives are open to them?

One must begin a discussion of this question by putting aside all wishful dreams about a new New Deal designed to give the country some of the things it so badly needs in the way of improved education, better health services, urban reform and renewal, and so on. Even a modest improvement over the bleak record of the Eisenhower administration is by no means assured.

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The reason, of course, is that the Republican-Southern Democratic coalition will be in even firmer control of the next Congress than it was of the last. As between a liberal-talking President and a conservative-acting Congress there can be no question where the power lies. (In view of Kennedy's record, especially his choice of a Vice Presidential running mate, one may wonder whether he really wants more power than he will have. But that's another story.)

Another possible course of action that can safely be ruled out is an attempt to stimulate the economy through a vigorous cheap-money policy. It is always doubtful whether or to what extent such a policy might be effective, but that is not why it is unlikely to be tried under present conditions. The reason, rather, is that any substantial lowering of interest rates would hasten the outflow of dollars from the United States, by inducing corporations and governments with funds invested in the American money market to pull out and seek higher returns abroad. With the imbalance in the United States international accounts already approaching crisis proportions, it is hard to believe that the incoming administration would deliberately follow a course calculated to make matters worse.

So far as we can see, that leaves only two possibilities—more arms spending or a reduction in taxes. Neither makes any sense in terms of the needs and welfare of the nation or its people. Quite the contrary. More arms spending, far from increasing the prestige, power, or security of the United States, would simply frighten allies, alienate neutrals, and increase the chances of nuclear disaster; while a reduction of taxes would at best produce an essentially temporary improvement in the economic indexes by encouraging people to buy more of the kind of stuff they are already up to their ears in debt for having bought in the past. (If they very sensibly used the tax remissions to reduce their debts, the effect on the economy would be nil.)

Nevertheless, an insane system can hardly be expected to avoid insane remedies for its self-inflicted ills. So we can expect more arms spending or tax reductions, or both.

Here an interesting question arises, however. At least some well-informed experts—scientists as well as economists—maintain that for technical reasons which need not concern us here

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it would be difficult if not impossible to spend much more money than is now being lavished on the development of the kind of weapons which increasingly dominate the arms race on both sides of the cold war. In addition, the amount of sheer waste and boondoggling in the present military establishment is so fantastic that even as ardent a cold warrior as Senator Symington speaks in terms of a reorganization which would save $8 billion a year without sacrifice of fighting power—a project that can be expected to appeal strongly to the kind of Southern Democrats and Northern Republicans who will control the next Congress. We are unable to form an independent judgment about either the amount of money that can be absorbed by the new weaponry or the amount of waste in the present military establishment that the Congress might take it into its head to eliminate, but we do find quite plausible the arguments tending to show that the former is rather narrowly limited, at least in the short run, and the latter potentially substantial. To the extent that these arguments are correct, it may turn out to be surprisingly—and gratifyingly—difficult for the new administration to "solve" its economic dilemma by stepping up the arms race.

This would seem to leave a tax cut as the most likely recourse in the near future. Its effectiveness would depend primarily on two factors—the total amount of the cut and its distribution among various categories of taxpayers. A small cut handed out to corporations, for example, would have no noticeable effect, while a large cut in favor of the low-income brackets would quickly be reflected in an increase of consumption. The latter in turn would raise the sales/inventory ratio and bring closer the onset of a new inventory-powered upswing.

Since precisely this would be the aim of a tax cut, it can be said that the policy, if pursued with sufficient vigor, has a good chance of succeeding. But what would such a success mean? Simply that the government can mitigate the "normal" downswings to which the economy is periodically subject. This has been known for a long time and no competent economist would deny it. *But it has absolutely nothing to do with the problem of stagnation.* The only kind of tax cut that would affect the long-run trend would be a permanent and progressively deeper cut, which would imply a growing government deficit and would

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almost certainly bring on an increasingly unmanageable problem of inflation. No one on the political scene today has anything like that in mind. Tax-cutting is thought of as a strictly counter-cyclical measure, to be reversed as soon as an upswing gets under way. As such it is simply irrelevant to the real economic illness that afflicts the country today.

For this illness neither cure nor palliative is now in sight.

(December 12, 1960)

The capitalist interest is not the general welfare, but financial return on its own investment.

—*Joseph P. Morray,* Pride of State

MR

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REFLECTIONS ON THE CUBAN REVOLUTION

BY PAUL A. BARAN

The three weeks which I recently spent in Cuba were an unforgettable experience. We drove through districts of Havana where sprawling army barracks are being transformed by the soldiers of the Revolutionary Army into spacious school and dormitory buildings for thousands of university students. We walked through abysmal quarters of Santiago de Cuba where hovels, the horror and sordidness and misery of which are beyond my power of description, are being torn down and replaced by entire streets of light, clean, colorful little houses. We went through parts of Cuba's subtropical countryside (in the provinces of Oriente and of Pinar del Rio) where new dwellings, vegetable gardens, barns, chicken hatcheries, dairy farms, cattle and pig breeding farms, schools, hospitals, and stores are popping up on every side like big mushrooms after an ample rainfall. We watched on both sides of the highway bulldozers and tractors clearing virgin land for cultivation, and we saw field after field only a few weeks earlier thickly covered by age-old underbrush now checkered by furrows of rice and corn and cotton.

While viewing all this, I suddenly relived a childhood's joy of seeing the warm April sun usher in the spring and liberate as if by a magic wand the earth, the rivers, the flowers, the animals from the heavy, oppressive burden of frost, ice, and snow. Just as in those distant days it was the poor people, the people with too little bread, fuel, shelter, and clothing to brave the cold long winter who rejoiced most over the arrival of spring, so now in Cuba it is the poor people, the people who never had all-year-round employment, never had enough food, enough medical care, enough shoes and schools for their children

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Paul Baran is Professor of Economics at Stanford University and the author of MR Press book, The Political Economy of Growth. *He and the editors of* MONTHLY REVIEW *spent three weeks together in Cuba in September and October. This is Part I of a two-part article.*

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who are celebrating the miraculous burst of life, the dramatic resurrection of their nation. And I could not help thinking of another wonderful island and of another wonderful city where last year I was shown around by my good friend Danilo Dolci. There is perhaps even more poverty, even more misery in the villages of Sicily, and the narrow streets and courtyards behind the Cathedral of Palermo are perhaps even more terrifying, even more heart-rending than anything I saw in Havana or Santiago. But the striking difference between Cardinal Ruffini's Sicily and Fidel Castro's Cuba can be seen in the human faces. There they expressed squalor, fear, and hopelessness. Here, wherever we went in the countryside and with whomever we talked on the farms and on construction jobs, we saw black faces and white faces and brown faces radiating enthusiasm and pride about what has been accomplished in the less than two years since the triumph of the Revolution, and hope and confidence about what is still to be achieved in the future.

I

Cuban intellectuals and members of the revolutionary movement—and we talked with many on various levels and in various fields of work—frequently insisted on the uniqueness, the peculiarity of the Cuban Revolution. They stressed with visible pride that the Cuban Revolution has followed no preconceived scheme, has not been governed by any "bookish" theory. Their Revolution, they said, has grown spontaneously, owing its methods, its direction, and its triumph to specific conditions in Cuba as well as to the genius of Fidel Castro. There is not the slightest reason to doubt these statements, and I am convinced that this is precisely how the Cuban Revolution is seen and thought of by most, if not by all, of those who made it. And yet, just as it would be wrong to judge an individual's actions solely on the basis of what he himself thinks of them, so it would be an error to consider the Cuban Revolution merely in the light of what is or has been thought about it by the Cuban revolutionaries themselves. For while it certainly would be sterile doctrinairism to try to squeeze Cuba's history of the last few years into textbook categories of political theory, or to interpret the Cuban Revolution primarily in terms of the revolutionary experience at other times and in

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other places, it would be irrational to overlook certain broad similarities, certain important common features displayed by all revolutions, the Cuban included.

Indeed, it is the presence of such similarities and common features which has made it possible to arrive at a theory of revolutions, however fragmentary, that has enabled all great revolutionary leaders to learn from a careful study of earlier revolutionary experience. What follows makes no pretense to being a systematic analysis of the Cuban revolution. It is rather a hasty attempt to put together what seem to me to be some of the salient considerations that have to be borne in mind in seeking to understand the momentous developments taking place in Cuba today.

II

It must be clearly realized that the Cuban revolution is not merely a *political* revolution. Political revolutions which have taken place repeatedly in nearly all countries of the world have usually overthrown one government in favor of another, changing the personal composition and sometimes even the ideological or social make-up of the political group in power. These changes may have been purely nominal (as in the case of many political upsets in Latin American countries) or quite consequential not only to the countries involved but to the world at large (as for instance de Gaulle's *coûp d'état* in 1958), or of the farthest reaching impact upon the country in question and the world as a whole (as for instance the ascent of Hitler in 1933). And yet all of these changes in political institutions, radical and dramatic as they may have often appeared, did not affect to any appreciable degree the basic economic and social structure of the respective countries. The fundamental relations of production and of ownership of land, industrial facilities, and other means of production remained essentially undisturbed. The acid test of the purely political rather than social nature of any such upheaval is its *reversibility*. After more than 20 years of Mussolini's rule, Italy returned without too much trouble to the institutions of a bourgeois democracy. Western Germany after Hitler (and the most devastating war in its history) resembles closely the Weimar republic preceding the Nazi era, and the cancellation of

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the de Gaulle constitution and the re-establishment of the Fourth Republic in France is not only conceivable but entirely possible.

All this is quite different in the case of a social revolution, the outstanding characteristic of which is that it drastically alters the country's socio-economic structure. The basic economic relations, the ownership of the principal means of production, the economic and political status of entire social classes, all undergo a sweeping transformation. Such transformations have been accompanied in the course of history by much violence. And attempts to reverse such a complete revamping of society usually lead to civil wars. Big estates appropriated by landhungry peasants are not easily taken back. Factories nationalized or seized by revolutionary workers are not readily restored to their former owners. And social classes that have fought their way to power cannot be thrown back without a bitter struggle. Social revolutions thus tend to create *faits accomplis* and after relatively short periods of time those *faits accomplis* can no longer be undone.

III

Although it began as a *political* movement directed against the Batista dictatorship, the Cuban Revolution evolved early and rapidly into a *social* revolution. This raises a host of important questions: Who made the Revolution? What has been its course thus far? Whose interests did it advance? Who are its friends and who are its enemies? What social order is emerging from it? On all of these questions there is a great deal of misapprehension in various quarters, and most of this misapprehension is deliberately created by a biased network of communication.

A number of foreign students of the Cuban Revolution have stressed the leading part played by young intellectuals, and some have even considered the Cuban Revolution to be an outstanding manifestation of the world-wide "revolt on the campuses"—similar to what has taken place in Turkey, South Korea, Japan, and elsewhere. This view has deep theoretical roots, and relates to two propositions which are central to both political theory and a general interpretation of the historical process. One is an implied rejection of the principal tenet of historical materialism according to which it is social *classes* that are the prime agents on the historical scene, with both the composition of these classes

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and their broad political and ideological outlook determined chiefly by their position in the economic structure. The other, closely connected with the first, is the assertion that the *intellectuals* constitute a separate social stratum, an "elite" above classes which plays an independent and indeed a decisive role in history. This doctrine, the most influential recent exponent of which was the late German sociologist Karl Mannheim, is held, not unnaturally, in great esteem by many intellectuals on both sides of the Atlantic, and has been strongly advanced in this country by C. Wright Mills (in many lectures as well as in a recent article in *New Left Review,* September-October, 1960).

There are many reasons for this hypostatization of the intellectuals. Leaving aside the obvious, but therefore by no means irrelevant, one that the glorification of intellectuals is most flattering to the intellectuals themselves, four considerations must be primarily borne in mind. In the first place, the assignment of a crucially important role to the intellectuals is a sociological derivative of an idealistic philosophical position. If intellectuals are the salt of the earth, responsible for the nature and direction of social development, then clearly it is *ideas* that run history. There is the further implication that these ideas are not mere reflections of processes in the material world (tensions between forces and relations of production, struggles among social classes, and so forth) but rather unfold in and emanate from the pensive heads of the "freely floating intellectual elite" (Mannheim). Secondly, the leadership of nearly all major social movements in history (with the exception of the most primitive peasant rebellions) has consisted of or included intellectuals by upbringing or individuals turned intellectuals in the course of their political careers. What is then simpler than to conclude that since there were always intellectuals prominently associated with revolutionary movements, the intellectuals were their cause and their engine? Thirdly, the growing awareness among intellectuals of the irrationality, inhumanity, and degeneration of capitalism has been accompanied in many Western countries by an increasing disillusionment with the labor movement and a sharpened disappointment with its lack of political dynamism and its widespread capitulation before the capitalist order. Under such circumstances the faith in the awakening of the intellectuals re-

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mains the only bright spot on the horizon for those who seek a way out of the impasse of the *status quo*. And finally, in many countries, treating the intellectuals as the yeast of history, counting upon them to move things off dead center serves many intellectuals as a convenient rationalization for staying in their academic or literary ivory towers, for refraining from participating actively in such political and social struggles as are being actually fought in their societies.

But if all of these factors help explain why intellectuals assign to intellectuals such a vastly inflated role in the historical process, one should avoid the error of denying their influence or indeed, in certain situations, decisive impact on the speed, direction, and outcome of social movements. For the question is really not whether intellectuals have taken part in, and often made major contributions to, social movements. On that there can be no reasonable doubt. The problem is rather under what historical circumstances do intellectuals become drawn into such movements, under what conditions are they capable of affecting the course of events in any particular way, and what forces determine the specific part which they play. And this problem is certainly not solved but merely evaded by profound-sounding discourses about the independence of the intellectuals, about their unflagging devotion to truth, or about their selfless dedication to progress and to the commonwealth. None of these theories explains in the least the fact that in certain countries and at certain times some intellectuals become highly effective leaders of popular movements while in other countries at other times they are either entirely stymied or become active or passive supporters of the *status quo*.

The issue was highlighted in a short conversation between Fidel Castro and the able French journalist Claude Bourdet. Replying to Bourdet's remark that the Cuban revolution is a segment of a movement sweeping the entire world, of the "revolution of the youth," Castro put his finger on the nub of the matter. "Certainly the youth," he said, "but above all, the workers, the peasants, the victims of colonialism, all the exploited. . . ." (*France-Observateur,* September 29, 1960, p. 7). And yet, this penetrating observation by one whose knowledge of the matter is surely unequaled, calls, I think, for a qualification. It not only

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reflects Castro's characteristic modesty, it also refers less to the earlier than to the later part of the revolution, not to the question of who *made* it, but to the question of whose basic interests it has primarily served in the course of its short history. For the transformations which have taken place in the mass basis of the revolution undoubtedly constitute one of its most significant aspects; and while they come as no surprise to a student of history, they deserve most careful analysis, offering as they do an experimental verification of a general theory.

IV

The class that made the revolution is the rural population, the Cuban campesinos. This class was driven to revolt by the increasingly insufferable state of poverty, exploitation, and backwardness to which it was condemned by the old order. Its success in making the revolution and the direction it gave the revolution were largely determined by its economic, social, and ideological structure.

Only a relatively small proportion (about a fourth) of those who work on the land were individual cultivators of all kinds. Of these individual cultivators, only a fraction held title to the plots they tilled; the rest of them were sharecroppers and tenants, subtenants, or squatters. The overwhelming majority of the campesinos, on the other hand was composed of agricultural laborers working in sugar, tobacco, and coffee plantations, earning a bare subsistence wage in the few busy months of the harvest season and reduced to unemployment and extreme privation during the remaining months of the *tiempo muerte*. Consequently, the land population of Cuba differs very markedly from what might be called the "classical" peasantry of pre-revolutionary Eastern Europe, some Mediterranean countries, Japan, China, and some parts of Latin America. It depends for its livelihood not on individual plots of land but on employment on plantations. It is not a stratum of owners and tenants but of agricultural laborers. And accordingly, it has no proprietary or would-be proprietary relations to the land, but consists primarily of proletarians wholly alienated from their means of production (and subsistence) and having nothing to sell but their labor power. This accounts also for relatively little social differentiation and

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for relatively great cohesion among the campesinos: the wealthy peasant, the "kulak," and the "middle peasant" aspiring to become wealthier—the dominant economic and political figures in the villages of many other countries—were relatively unimportant in the Cuban countryside. All this stems from one fundamental fact: for historical reasons that need not be traced here, the better part of Cuba's agriculture had *not* evolved into a feudal system but became at an early stage an appendix of monopoly capital. The prevalent form of proprietary unit—the latifundium—was not typically a feudal estate operated by serfs, but a plantation run by a corporation with the help of hired labor. This decisively affected the economic status as well as the basic attitudes of the Cuban land population. Living off their labor and not off what they might have considered if ever so tenuously to be their land, dependent upon large-scale "factories in the field" and not upon subsistence farms, exploited by vast capitalist firms and not by time-honored feudal relations, the Cuban campesinos longed and fought not for the ownership of the soil which they tilled, but for essentially working class objectives: steady employment, more human working conditions, and more adequate wages.

Not being inhabited by a petty bourgeois stratum of small peasant proprietors, the Cuban countryside thus never became a "breeding ground of bourgeois ideology." Although there is no shortage of superstitions and mystical creeds—particularly in the more desolate and destitute mountain regions of the island—they have not assumed the form of organized religions and have little if any influence on the social, economic, and political consciousness of the rural masses. Nor did the Catholic Church ever develop into a powerful factor in Cuban life. While the ruling class was traditionally too greedy and too disdainful of the campesino to bother to proselytize him into the Catholic faith, the Church itself did nothing to become identified with the vital needs and aspirations of the Cuban people. Prior to Cuba's gaining its independence, the Church sided with the Spanish overlords; later on, it supported one dictator after another; its belatedly hinted at rather than openly expressed antipathy towards the most brutal and abusive of them—Batista—could not change the popular image of the Catholic Church as the religious or-

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ganization not of the poor but of the rich, not of working people but of the ruling class. As pointed out in an incisive article by James N. Wallace, "Castro vs. Catholicism" (*Wall Street Journal,* October 26, 1960), Catholicism, a mighty pillar of the *status quo* in most Latin American and many European countries, could not even approximately fulfill that function in Cuba. As I was told by a number of eyewitnesses: when pastoral letters condemning the Revolution were recently read in Catholic churches, congregations rose and left the building singing the national anthem.

V

It is quite clear, however, that what has been said thus far about the economic, social, and ideological condition of the rural population in Cuba is not sufficient to explain its having successfully made the revolution. There are other underdeveloped countries where the underprivileged are even worse off than they were in Cuba, and there are other backward areas where the possibilities of liberation are even more propitious than they were in Cuba. What, then, were the specific circumstances which facilitated the breakthrough of the Cuban campesino, and how did they influence the course of the Cuban Revolution?

Three sets of considerations provide, I think, an at least partial answer to these questions. First, just as the economic situation of the campesinos accounted for the previously noted absence of a pronounced social differentiation and a high degree of cohesion in the Cuban countryside, so did the economic status of Cuba as a whole create a strong sense of *national* solidarity among Cubans in various walks of life. For in the slightly more than 50 years of its formal political independence, Cuba has never emerged from its dependency on the United States. Cuba's essentially colonial status manifested itself on all sides. Its most conspicuous symbol is the United States' naval base in Guantánamo, and it reflected itself in the vast proportion of Cuba's productive resources owned and controlled by United States capital. The principal industry, sugar, was largely operated by United States corporations and depended nearly exclusively on United States markets. Telephone and telegraph services, electric power, gasoline, radio and television sets, consumer durable

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goods, and a large proportion of the country's food were all supplied by United States business. Gangsters, gamblers, and shady operators of all kinds invaded Havana from New York, Chicago, and Miami and turned it into a preserve and amusement park of the American underworld. Consecutive dictators closely connected with United States business interests, participating directly or through stooges in a multitude of crooked deals promoted by Yankee speculators, acted as United States *Gauleiters* in Cuba and were at the beck and call of the American Ambassador. As Mr. Kennedy nostalgically remarked in his last TV debate with Mr. Nixon, the Ambassador holding office in Havana in 1957 told him during his visit that he, the Ambassador, was "the second most powerful man in Cuba." The Ambassador understated his position.

Small wonder that under such circumstances anti-Yankee sentiment was rife in the broad masses of the Cuban people who watched American corporations derive immense profits from their Cuban investments, who observed American executives and their retainers live in indescribable luxury in air-conditioned palaces, and who could not help attributing the prevailing poverty and underutilization of human and material resources to the country's colonial position. And it was inevitable that the hatred of Yankee domination was not confined to the lower classes but made deep inroads into the ranks of the middle and upper bourgeoisie, which—if not directly or indirectly in the service of American capital—had to bear the brunt of United States economic competition, and had to suffer the chronic humiliation of being second class citizens in their own country. To be sure, this spirit of *national* indignation was far from being a spirit of revolt. As is usual with most bourgeois nationalism, it was ambivalent. On the one hand, it was dampened by the fear of the neighboring American collossus and a strong sense of helplessness in dealing with the United States. On the other hand, it was crippled by the apprehension that the masses, once aroused by an anti-imperialist, nationalist action might "overshoot the mark," and turn it into a *social* revolution directed not merely against foreign, but also against native exploiters. The flood of American anti-Communist propaganda in the years of the cold war has greatly contributed to strengthening this apprehension in the

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circles of the national bourgeoisie. The result was an amalgam of hatred, fear, and frustration leading in turn to an attitude favoring both sporadic encouragement of the opposition as well as meek compromises on all essential issues. That nothing in Cuba can be done without, let alone against, Washington, was as much the ultimate wisdom of the "mature" spokesmen of the bourgeoisie, as the insistence that "something *must* be done" was characteristic of its so-called liberal wing.

The situation changed to some extent during the later years of the Batista dictatorship, and this brings us to the second factor accounting for the success of the Cuban revolutionary movement. For the criminality, corruption, and cruelty of that regime, exceptional even by Latin American standards, greatly strengthened the oppositional tendencies even among the most conservative elements of the Cuban bourgeoisie. That Washington did nothing to curb, let alone remove Batista, that as high-ranking an American dignitary as Vice-President Nixon on a visit to Havana commended his administration's "stability and efficiency," added fuel to the fire of anti-Yankee sentiment. Thus nationalism, merging with the acute and nearly universal revulsion against the increasingly terroristic and increasingly predatory Batista tyranny, gave rise to a general political atmosphere of tolerance and even sympathy towards all attempts to rid the country of the insufferable yoke.

This consensus on the urgency of a political change led to the *neutralization* of large segments of the Cuban middle class during the early phases of the revolutionary struggle. And there can hardly be any doubt, I think, that this neutralization played a decisive role in the success of the revolution. It provided the revolutionary movement with invaluable support of various kinds: money, contacts, information, places of refuge from Batista's persecution. It greatly facilitated the recruitment of students and professional people for the revolutionary cause. What is probably most important, it created a climate in the country in which the morale of the Batista army became increasingly shaky and eventually collapsed. It was the breakdown of Batista's army's morale that enabled hundreds of partisans to score victories over thousands of heavily armed government soldiers and

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to capture (and distribute among the campesinos) their arms and their supplies.

It is against this background of the economic, political, and moral bankruptcy of the *ancien régime* that one has to view the emergence of the third factor that determined the success and the subsequent course of the Cuban Revolution. That factor is the leadership given it by Fidel Castro. And while it is impossible to say what road a man as extraordinary, as complex, and as gifted as Castro would have travelled under other historical circumstances, it is quite certain that it was the particular condition of his country as well as the complete disorientation within his own class that pushed that scion of a wealthy land-owning family in the direction of revolutionary struggle. The state of Cuban society under the reign of Batista, however, explains only Castro's first steps in the revolutionary movement and accounts for his general philosophy during that first phase. For at the outset, the horizon of the Castro movement coincided on the whole with the horizon of the broad liberal wing of the Cuban bourgeoisie, with the view that a *political* turnover could no longer be postponed, with the insight that *some* economic reforms were indispensable if the people of Cuba were to emerge from their misery. Yet if Castro's heroism and dedication played a crucial role in the initiation of the 26th of July Movement, it was his genius, his integrity, and his miraculous intuition which enabled the Movement to transcend the *political* objectives of a bourgeois *coup d'état,* and to carry the revolution to its ultimate goal—a *social* transformation of the country. Indeed, Castro's greatness has been his complete identification with the Revolution, his capacity to grow with it, his ability to grasp its inner logic, his power of visualizing its next step, and his masterly skill in interpreting and clarifying it to the masses of the Cuban people. And while he thus fulfilled the true task of political leadership, it was the greatness of the Revolution, the cohesion, dedication, and courage of the Cuban campesinos which turned Castro's torch into a blazing fire which consumed Batista, imperialism, and capitalism in Cuba.

(*To be concluded*)

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THE WORLD OF SCIENCE

by Philip Morrison

We are glad to welcome Professor Morrison's column back to the pages of MR. He spent a year, from the summer of 1959 to the summer of 1960, attending conferences, lecturing and sightseeing in Europe and Asia. The following impressions and reflections he thought particularly appropriate to share with MR readers.

—The Editors

The Chalk and Its Boulders

Fly north across the English Channel, even on a hazy summer afternoon, and the glow of the cliffs announces Albion. Those are the cliffs of the Chalk, that soft grayish limestone which formed from the skeletons of algae in the shallow green seas which lay here under a warmer sun a hundred million years ago. That sea covered a strip three hundred miles wide, lying to either side of an axis running southeast from Oxford, across London, across the Channel, across Paris, to the vineyards of Chablis. Everywhere underground in this region today there lies the Chalk. In the two similar basins where the traffic of London and Paris roars, it lies beneath a thick layer of clay, but a trip in the subway brings the traveller to land where the gardener's spade digs into the Chalk itself.

How the streams and the crops, the men and the battles of these chalk lands have been shaped by the special chemistry of the Chalk is a fascinating story, partly worked out, but complex and long. The tourist without an expert's eye and student's leisure will not see that. But he can hardly miss an ancient gift of the Chalk, now a neglected commonplace, but once the true stuff of all progress. It is the flint. Stroll in the Tuileries past the formal octagonal basin in the royal vista where today the boys noisily sail their boats, or saunter in the quiet suburban garden which Charles Darwin owned; it is the same in each. Those gravelled paths, like all the paths in the land of the Chalk, are rich in flint.

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An American from the Eastern states knows flint, all right. But for him it is a stone worth searching out. Here, over the Chalk, it is a main component of the common commercial gravel, the dust on the tourist's shoes. For flint is everywhere in the Chalk. Wherever the ancient ice-melt or the streams of today have deposited a mound of broken rock or pebbles, there is flint. And there men quarry it as they have done since first men lived here.

Flint is unmistakable. Every broken surface reveals the dark glass-hard core of the stone, always encrusted by a gray or a beige layer of patina. It is a form of silica which, it would seem, exists in the Chalk because the living sponges of those warm lagoons concentrated it from the ocean waters. The mineral skeletons of sponges for millions of years have been formed by complex processes into hard flint which lies as nodules in the soft Chalk, pieces from the size of peas up to boulders of a hundred pounds.

Chemically, flint is no different from the most common of all minerals, quartz. Quartz is the material of rock crystal or of most beach sand: clear, hard, crystalline. Flint is hard, too, but it is without crystalline texture. It does not break like the softer rocks, nor does it yield powdery fragments under a local blow. It is a natural form of glass; it can be chipped by pressure or controlled striking to give large regular flakes, glass-hard and very sharp.

The great difference between the chemical twins, quartz and flint, is a hallmark of the silicon atom which, with oxygen, forms both substances. Here there is a strange kind of mimicry of life. The carbon atoms which characterize organic matter make possible the diversity of living substances because even with a limited number of partners, carbon can form innumerable patterns in space. Alcohol, ether, sugar are woven of only three atoms, carbon, oxygen, hydrogen. The mineral world bears to silicon and its versatility of arrangements the same testimony as does the organic world to carbon. The diversity of minerals, more limited than that of living matter but still very great, rests on a property which silicon shares with carbon, though to a lesser extent. The two atoms are close homologues in the periodic system; hard rock and soft foliage are alike expressions of the potentiali-

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ties of four mobile electrons. Life is more lavish in variety than the world of the minerals because the four carbon electrons are more mobile than are their silicon mimics.

The virtues of the widely-strewn flint are made eloquent in the showcases of the museums of London or Copenhagen. The painful but proud labor of men for tens of millennia, arranged in case after case, shows a steady rise of skill. The climax of the art arrives when the Danish craftsman, now the practitioner of a mature but obsolescent skill, could produce by wonderfully delicate pressures on the flint, a dagger a foot long, perfectly modelled after the smooth-flowing lines of its cast-bronze prototype, imported from the metal-using technology of the Mediterranean world of the Trojan Wars. The nature of the material, too, comes clear in a beautiful green-flaked spear point lying in a London case amid a hundred paleolithic flints. It is the work of a modern artist, perhaps a contemporary of King Edward VII, an Australian aboriginal who discovered a new medium in the glass insulators of a desert telegraph line. Flint, like its cousin chert and the rare black obsidian, is a natural glass. The three are the only really hard materials which man could work to precise shape and sharpen to a fine cutting edge during 95 percent of the tenure of man on earth.

It had its competitors, of course. But sharpened bone and half-charred wood and the common coarser rocks could not serve him as did the flint. At Grime's graves in East Anglia, there is still to be seen the oldest mine, with its shafts dug many yards deep into the Chalk. Here the skin-clad miner, working at the rock face bent in the perpetual agony of miners, cut into the Chalk for the first nodules with a pick made from antlers of the red deer.

For a hundred years the worked flints have been sought out. On their evidence there has been built, very largely by men of the Chalk regions, our most coherent picture of the long sweep of the development of society before agriculture. Since artifact and debris and relic alone form this evidence, unmixed with the symbol of oral tradition or written account, these historians see the deep foundation of that society, and not its superstructure alone. In the beginning is not the *word,* but the *tool.*

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Painters Before History

Stone tools of the Paleolithic are known on every continent. But on the western edge of the receding glaciers, in southwest France and in northern Spain, there remains from the time of the ice, about fifteen thousand years back, an unmatched series of ancient paintings and engravings, art on an impressive scale, the art of the caves. Nowhere else is anything so old and so rich to be found.

It is 85 years since the gifted dilettante de Santuola and his little daughter were fortunate enough to find the great horses, cattle, and bison five feet long, painted in ochres and charcoal on the ceiling of the cavern of Altamira. It is only within this century that these paintings were seen to be authentic examples of a wondrous and long-lasting tradition of cave art, which reached climax as the ice left France, ten thousand years or so before the Christian era. Today the tourist can visit in a few days half a dozen caverns profusely decorated with striking paintings or engravings from that period. It is no part of this account to make aesthetic judgment; but I cannot help the admission that I find these magical representations fit to grace the museums of our time beside the master works of men of any age.

But as you crouch under the low portals, or walk the slippery paths of the caves, there comes a real admiration not only for the men of that distant past whose work we seek, but for the contemporary scientists who won a knowledge of the cave art. Chance played its part, as in all discovery. So did adventure, persistence, devotion. The Abbé Breuil reckoned that in all his life, seven full years had been spent within the darkness of the caves. That is the prison sentence of a felon, spent in wet, cold, rough dungeons, lit by the acetylene lamp, trying painfully to copy down on sketch pad and in notebook the complexities of this art.

Now, in the bright electric light, it is far easier to see the work. If you have been first to the caves of early French discoveries—to Font-de-Gaumme or Combarelles or Niaux—you will be moved by the etched or painted animals. But you will conceal a little disappointment. For the fact is, not much is there. The outlines are diffuse and the color weak. The renderings of the scholars are much more vivid, much more sure, than the enfeebled reality, eight thousand years earlier than the pyramids.

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You may even feel a bit taken in. The devotees, you will think, have over-praised an art, old and savage, to serve themselves. The patient unravelling of the individual components of the many superimposed designs is good puzzle-solving, you feel, but not really worthy of science.

Then you will enter the one cave which quite justly has become a center for the general tourist, attracting a crowd of people to whom the other caves hold no appeal. In the dim halls of Lascaux, the color and the drawing, the scale and the vigor of the art, surpass the reconstructions of the specialists. But Lascaux is not merely a place of delight and of beauty, it is the verification of a whole science. As the discovery of Neptune was the final triumph of Newtonian celestial mechanics, so was the chance finding of Lascaux the triumph of the archaeologists of the caves. For the patient and thoughtful work of decades in a score of caves had in effect predicted Lascaux. The fortuitous preservation of the sealed Lascaux shows how the Magdalenian art was, not how it remains in the other less stable caverns. And it was just as Breuil and the others had said: a brilliant, vigorous, incisive art, fit for any age, and once and for all demonstrating that what separates our time from the time of the ice age, civilization from savagery, is social in nature, and not in any way founded upon a change in the intrinsic potentialities of men.

The archaeology of the cave art is an example of prediction in the study of society. It was a prediction dramatically confirmed that fall afternoon in Vichy France when the Abbé Breuil himself slid down the narrow opening into the new wonderful cave to which the young discoverers of Lascaux had brought him. There and then he saw in the reality of the walls around him the prototype of the work he and his colleagues had constructed *as a theory* on the basis of decades of study of the imperfect, the damaged, the time-worn. This is prediction without statistical studies, without elaborate instrumentation, based on careful attention to the facts at hand, vigorous search for more data, and serious reflection in the light of reason. It is another smaller example of the method of Darwin, who constructed perhaps the most important single edifice in science with the techniques of the field naturalist, the field geologist, the dissector, and the breeder. The archaeologists have done their proud work—creating Lascaux, if

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you like—with the skills of the paleographer, the draughtsman, the stratigrapher, and the art historian. They have managed to "predict" with genuine success, not in some grossly material part of social development, but in a central part of the realm of the mind, in the construction of images of power and of beauty—if you will, in the humanities of the caverns. This success adds to the enjoyment of visiting the wonderful caves the sense of viewing a contemporary triumph of science no less than one sees a Magdalenian marvel of beauty and hears a romantic tale of mountaineering downward in the dark.

Planning and Its Price

So the science of society, too, has its victories. There is a logic of development obeyed even by the bison hunters. At the same time, it is chastening to recognize that in its most rational manifestations, the social order is still characterized by novelty, unpredictability, unevenness. This is the ruling impression taken away by a tourist from a brief visit to the socialist countries, especially the Soviet Union.

A facile conclusion from the idea of a planned economy would be an expectation of evenness of development. The new machine would find a proper stock of accessory machines; the new process would be fitted into a suitable environment. Reality is quite otherwise. The main characteristic of the Soviet economic scene is its uneven and externally haphazard development. The rapidly-growing industrial city of Moscow is marked by a thousand contrasts. Its population is still fresh from the country, largely unsure in their jobs, undisciplined by generations of industrial employment. The American or British assumption that a man, any man, who is doing a job is more or less competent to do it, fails often in Moscow, and still more often in the provinces.

Yet within this matrix of a country still new to the machine there stand out whole institutions which function as smoothly as the proverbial Swiss watch. One of these is Aeroflot, the state airline system. Once you have one foot off of Soviet soil onto the landing stairs of Aeroflot, you have entered a new world. On the ground, the new gasoline shovel may be partnered by the crudest of carpentry. With Aeroflot, the fast and comfortable jet plane finds a motorized set of landing steps swinging quickly out to

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meet it; it carries a crew of uniformed, cheerful, proud, stewardesses, busy passing refreshments, checking seat belts, explaining the flight plans, and even fixing public responsibility for any delay; it carries passengers for a low fare; in short, it meets not only generally but in detail the best standards anywhere, and perhaps exceeds them in one or two items.

On the ground, even Aeroflot is weak. Airports are inadequate and organization of passenger handling only fair at best. But airborne, Aeroflot is not of old Russia in the least. It is fully Soviet.

The world knows that there are many other Soviet institutions which are as well staffed and planned down to detail as is Aeroflot. We know this whenever rockets encircle the moon. But these are organizations which so far at least no tourist has seen. Their existence is plain, and it fits the picture of a planned society. For it is wrong to argue superficially that a planned society will develop evenly. Just the reverse is true. It is the forces of the market which blindly work to even out the character of development. The success of say, ice cream, would carry with it the growth of serving utensils and freezers and paper wrappings and radio commercials and a host of other ancillaries to this profitable main item of trade. But in a planned economy, it works out otherwise. A rational decision is made to produce ice cream—indeed Soviet ice cream is excellent and ubiquitous and sold out of dry-iced containers—and there the trade stops. Priorities intervene to prevent the growth of all the minor accessories and extensions which a market economy would be bound to develop. But where an industry has been consciously developed, as has Aeroflot, the planners are not so dull as to forget that motorized landing steps and baggage conveyors and electric trucks to haul baggage carts are useful and economic items. Here, no doubt, the existence of an international standard of comparison has been a help.

The keen and experienced observer K. S. Karol, writing in the *New Statesman,* has seen in the changes in Moscow between 1946 and 1959 the dominance of air transport and television. "When I was last in Russia, Tbilisi was a three-day journey; today it is two hours by Tupolev." He sees this as unbalanced progress, since for him "the improvement in what people wore

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and ate was far from sensational." Karol regards the new industries of airline and TV as mainly a by-product of the great modern invisible arms industry. There is much point in this, but it is not complete. For the air forces didn't train those stewardesses, provide that specially-wrapped candy, even design the motorized steps. Nor is the Soviet TV—which is all but as pervasive as in New York—very close to military electronics. It is true that plastics and fibers, food marketing, service trades, clothing manufacture, rural roads, city housing—all are decades behind the West, while airline and rocketry lead, and TV equipment (I do not speak of programs) and public transport generally are competitive. But the balance sheet must fairly include medicine and education, the growth of the Asian republics, and the spread of industry to the countryside, before the account is struck.

Here the point again comes home: in a market economy, the unprofitable activities of education and mass medicine develop relatively very little. The effort flows elsewhere. American universities are much better than Soviet ones still, overall, but the difference which remains is far less than is the difference seen in hotel services or food processing. Here the plan has intervened, to introduce a special ratio. Unevenness is the outstanding feature of a planned economy. Given peace, which the Soviet people long for out of the horrible experiences of a decade of war on their own land, the plan will grow to include more and more of the sectors of civil life. That they believe, and no visitor of good will can feel otherwise.

Moscow Impressions

Tired and often irritable, oppressed by the invariable shopping queue and the over-shared apartment, the Soviet city dweller is still a vigorous and a hopeful man. He has peace at last, and he sees around him many earnests of an easier life. His pride in his nation is plain, and it rises easily to his lips. "Look at all that green land," said the taxi driver rattling off with us to the airport, "I can stop anywhere, anywhere, and walk out in it. We own it all. In your country, you can't do that." For such men, the irrationality of the tight information controls, the hand of old Russia, and the fear of the Stalin years, is all too plain. More than one citizen asked me if *everything* was not better in America than

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in the USSR, or if unemployment really existed in the United States. "Since the papers say so here all the time," he would explain, "I thought it was false." The barriers which may have made a kind of bitter and hard-boiled sense in early Soviet years are self-defeating for the far better educated citizens of today. The editors of the Moscow dailies ought to be worried (one hears that they are), for you see very few people reading newspapers. To be sure, sensationalism is absent, and easy, readable, cheerful, light material is rare. Between *Pravda* and the *Daily Mirror,* the choice is easy. But the early subway crowd avoids those close-packed and prosy columns in favor of novels and books of self-help and technical advancement.

A better share of the Soviet economy for the consumer is promised, and is being fulfilled. The forest of apartment construction cranes in Moscow's southwest are by now a cliché of travellers. The bookstores give a typical insight. Stocks in bookstores everywhere manage to hold side by side the production of many years, far more commonly than in most other stores. Soviet books two or three years in print were the same cheap but dreary objects for eye and hand familiar for two decades. Muddy brown or tepid blue covers hold their unsized pages, marching by the hundred without illustrations, effective typography, or visual crispness. They worked; you could read them; they were cheap. No doubt these were the decisive points, and yet even the earnest reader admires a well-made book. Suddenly, perhaps two years ago, the books changed. Still below the best standards of the West, Soviet books now look like books to read and enjoy. The book-making trade was given the men and the tools to do a job beyond the minimal. Prices are still low, but more than a scattering of new books are handsome volumes. And they stand on the shelves beside the traditionally beautiful examples of book-making imported from the Czechs and the East Germans, whose volumes of every kind—cheap, but a joy to see and handle—are among the "best buys" for the American tourist in the skimpy markets of Moscow.

I hope and I believe, and so do most of the Moscow citizens I met, that what has happened all at once in books will happen more and more. Down the list of needs, through clothing, restaurants, household appliances, to the most costly and most need-

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ed of all consumers' goods, decent housing, they expect Soviet production to spread. It will come suddenly and grandly when it comes in each commodity, tapping the power of modern automated production. When the chemical industry has grown as have the metallurgical and earth-moving and automotive and electronics and energy industries, the Soviet economy will be able, if its planners decide for it, to supply a standard of living, at least for city dwellers, which will rival Western Europe. When it does, furthermore, there is not likely to be the unrestrained waste which we see in our markets. Products need not proliferate cancerously to become plentiful.

Moscow in 1959-1960 will remain for me a city of contrasts and change, not so rich as I had thought but freer than I had expected, suffused with determination, energy, and hope. In London, theater tickets are not dear, but the theaters are not filled. The workers stay away. In Warsaw, when you near the theater, a man will quickly approach you, offering tickets at an illegal discount. But in Moscow, half-a-dozen people will run toward you, but they are hoping to *buy* from you an extra or an unused ticket. The theater—every theater—is always filled. Somehow that seems a deep difference and a symbol.

I hope in these notes to have been frank and yet friendly, to have justified the wistfully trusting smiles of the old couple who approached us on the steps of the State Circus one July evening. They had been to the Circus; it was the great treat of their visit to Moscow from the country. They were determined to approach us, for someone said we were Americans. When they spoke to us of peace, they told us they had never before seen Americans, and they wanted to tell us themselves that our countries could remain at peace. I am sure they are right.

Finally, the Soviet Union bursts with its growing energy. Beset with problems, it yet seems wonderfully advancing. For this, with all its unevenness, the economy of reason, the socialist economy, must get the credit, no less than it takes the blame for its genuine shortcomings. The USSR is without doubt an advanced country, perhaps the most advanced. But my Soviet friends will not take it wrongly if I say that an America once rationally organized, once set on the path of making its production count, would make the Soviet Union again a great back-

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ward land of the East. That statement will be true, one or perhaps two generations more. After that, Soviet reality will have fulfilled socialist potential. From then on, Americans could hope only to catch up.

REFLECTIONS ON AMERICAN FOREIGN POLICY

BY CARL MARZANI

We are glad to publish the following dissent from the views on American foreign policy put forward in our editorials for September, October, and November (now combined in a pamphlet entitled, "The Theory of United States Foreign Policy"). Readers are invited to submit their own comments and observations on this vitally important subject for possible publication in a future issue.—The Editors

A recent ten weeks tour of nine European capitals, East and West, in September, October, and November coincided with the essay on "The Theory of American Foreign Policy" by the editors of MONTHLY REVIEW, published part by part in the same three months. I read them as they came out, the first in Moscow, the second in Berlin, and the third in London. My impressions in the various countries and talks with many political people, some of them in important positions, only heightened a natural propensity to reflect on the argument of the essay. These reflections may be of interest to MR readers.

Three of the premises of the MR analysis are accepted by nearly all shades of opinion East and West. One is that American foreign policy has suffered in the last decade an unparalleled

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series of defeats and setbacks whose end is not in sight unless this foreign policy is changed. American power and prestige *vis-à-vis* the socialist bloc has seriously declined in the world arena. This is a commonplace abroad, and Kennedy's campaign has made this fact known in the United States as well. The second premise is that economic collapse, a catastrophic depression, is not in the cards in the foreseeable future. The third premise is that an alternative and more successful foreign policy for a *capitalist* United States can be devised. MR gives four guiding lines of such a policy, and whatever disagreements there might be on its details are irrelevant to the present discussion. The basic point is that the *objective possibility of such an alternative is of crucial importance,* as we shall see.

Thus far the areas of agreement. The area of disagreement is the conclusion drawn by the editors of MR from their analysis as to whether the American ruling class will alter its foreign policy. The answer, they say, is "a definite no." They give three reasons for their answer, which we shall discuss below, and then spell out their position: "The implications of this analysis are unfortunately all too clear: the United States is going to plunge along its present disastrous international course, suffering defeat after defeat, *even after these defeats have begun to inflict increasingly direct and serious losses on the giant corporations that dominate American life.*" (Italics in the original.)

After asking where will it all end, the editors reject the chances of an economic collapse and predict in effect the probability of an autarchic program which they spell out. They conclude the essay with these words: "A concise blueprint for military fascism, you may say. Quite so.

It *can* happen here."

In view of their analysis, the last sentence is such an understatement as to be perilously close to evasion. It really should read, "We do not see how it can fail to happen here." To bring their conclusion into sharper focus, a final sentence would not be out of place, given the content and mood of the essay. "Therefore," they might have written, "we must also face the implications of military fascism in the United States. The probability of thermonuclear war is very, very, very high indeed."

This is not written to poke fun but to sharpen the issues. I

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have the highest respect, as well as affection, for the editors of MR, and their analysis is neither simplistic nor improbable. On the contrary, the MR judgment that the American ruling class will "definitely not" change its foreign policy is shared by many able people I talked to, both East and West, irrespective of their political opinions. It is shared, I suspect, by the Chinese Communists, and the MR editors stand on strong theoretical grounds of classical Marxism.

Yet many equally able people disagree and believe that the American ruling class will change its policy, not easily of course, not without vacillations and twists and backtracking, not without some substantial piece of insanity, (like an invasion of Cuba, say) but still far short of the development envisaged by the MR editors. I think the major strand of present Soviet foreign policy is geared to a judgment that American foreign policy can be made to change. This was also my judgment before I went abroad, and my discussions there have strengthened my opinion.

It goes without saying that this question is *the* crucial question in the world today. It is the basic question which everyone turns to, and as an American with some knowledge of his country and some powers of articulation I found myself constantly giving my reasons for my position, found myself under sharp questioning particularly from those who shared my opinions. Nobody, but nobody, wants to be the victim of wishful thinking on this subject. Everyone wants to be clear-headed about the United States since the "enigma wrapped in mystery" on the issue of peace is here in our land. My discussions abroad carried a freight of responsibility which made me very conscious of the limitations of my knowledge. I did not speak lightly.

If my words are sharp now, it is only to advance the discussion. I believe that the MR analysis suffers from two factors: (1) an excess of economic determinism, (2) an underestimation of the degree of self-consciousness in the ruling class. The MR editors write at the beginning of the essay, "Foreign policy is shaped and dominated by *domestic class interests.*" (Their italics.) And, in the middle, "The defeats abroad have not as yet had important adverse effects on the domestic economy, hence have not touched the short-run private interests which *necessarily* dominate public policy." (Their italics.) I am not

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so sure of that word "necessarily." Usually, yes, necessarily, no. For besides the short-run interests of many corporations are the long-run interests of monopoly capitalism as a whole which today is sufficiently concentrated, sufficiently sophisticated, and sufficiently self-conscious to be able to do considerable strategic planning. Now it is perfectly true that usually this strategic planning is so designed as to satisfy the short-term interests as well, and it is also true that many times the short-term interests will win out over a long-term interest. These conflicts are often arbitrated within the government in a parliamentary set up. It is the function of a parliament to correct errors of planning and to resolve such conflicts. But in my opinion there is no question of the ability of the American ruling class to understand its long-term interest and to override its short-term interests. This can be illustrated by examining one of the pillars of the MR analysis, namely: "The primary purpose of foreign policy under conditions of developed monopoly capitalism is to provide the justification for the maintenance of a huge (and growing) military establishment."

I don't think so. I think the Truman-Dulles foreign policy, begun in 1945, had as its primary purpose the domination of the world entailing war upon the Soviet Union to weaken it or destroy it. *Collier's* magazine devoted a whole issue to this dream. The cold war began, not as a justification for a large military establishment to serve the needs of the corporations, but as a necessary conditioning of the American people for the hot war to wipe out socialism. By June 1946, William Shirer was complaining of the pressures against his liberal broadcasts, and the machinery for my own indictment and prosecution was set in motion in September of 1946. Yet at this time the short-run interests of corporations, with the exception of the airplane industry, were almost wholly directed to domestic reconversion. But Forrestal and his supporters were looking ahead twenty years.

That the war did not come off was due to many factors which were discussed in my book *We Can Be Friends,* published in 1952. Already at that time I stressed the technological superiority of the USSR in military matters, the importance of the Chinese Revolution, the development of the colonial liberation movement, and the resistance of the American people to military

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adventures such as Korea. These factors have been increasing in strength over the past decade and have become obvious to the American ruling class.

As a hot war became increasingly improbable, the cold war has been maintained for the reasons given in MR. But the causative development is important theoretically, particularly because we find the short-term economic interests stressed by the MR editors as a reason why the American ruling class cannot change its foreign policy. In fact, it is stressed as the most important among the three reasons given.

These three MR reasons as to why foreign policy will not change are as follows: First, such a change would weaken the structure of control over American life and thought which the ruling class has built up. The second, "perhaps more important" say the editors, is the economic interests involved in armaments and their role in the economy. The third is a set of psychological reasons dealing with the narrowness of vision of the ruling class, its alienation from reality, in short its lack of self-consciousness as a class. Say the editors, "The American ruling class . . . is not even capable of understanding why its present policy is failing or what would have to be put in its place in order to avoid more and worse failures in the future."

This last is just not so. Not only are leading ideologues like Kennan and Lippmann perfectly explicit on the point, but even such a lightweight as Sulzberger of the *New York Times* sees the problem and some possible solutions as shown in his series of columns in mid-November. Most of Kennedy's brain trust know the score. Nixon himself is not nearly as blind as his campaign oratory would indicate. I know for a fact that many important government people in the State Department and other government agencies are quite sophisticated about the reasons for failure and the need for an alternative foreign policy. Men like Chester Bowles and Senator Fulbright are similarly sophisticated. And there are a growing number in the business world who are conscious of the problem. Read Harriman's book *Peace With Russia?* (1959) for a knowing analysis of the situation, as well as the recent Fund for the Republic study on militarism.

The second reason of economic expediency is certainly weighty but, I think, not decisive. In a recent book, *Dollars and*

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Sense of Disarmament, Victor Perlo and I have argued that reduction of armaments will not raise insoluble economic problems for the giant corporations. There is much room for argument here, and I am not arguing a smooth or unreluctant changeover. I am directing my argument to the situation which the MR editors have expressed in the words already quoted but which bear repetition, "The United States is going to plunge along its present disastrous international course, suffering defeat after defeat, *even after these defeats have begun to inflict increasingly direct and serious losses on the giant corporations that dominate American life.*"

Unquestionably the ruling class does not *want* to change its foreign policy, but I think defeats are giving rise to a reconsideration of that policy, to a division of opinion within ruling circles, and to the creation of a climate of opinion in the ruling class where such a change can take place, because, as stressed above, such a change is *objectively possible in their own* capitalist self-interest.

Actually, I think the most powerful obstacle to a change is the first reason given by the MR editors, namely, that such a change would weaken their control of American life. Anti-Communism has been the main weapon of thought control in America, the main weapon for smashing left unions and bringing the rest into line, the main weapon to prevent a resurgence of political action. There is another obstacle, not mentioned by MR, which I think is also important, and that is the fear of the American ruling class that disarmament will release Soviet funds which can be used to increase Soviet influence in underdeveloped countries. All these reasons, including the economic reasons, are weighty and may perhaps turn out to be decisive, but this is not proven theoretically. I think, rather, that the weight of theory is on the side of the possibility of a change.

My own judgment is that there is an ever-developing split in the ruling class on the question of change in foreign policy. In the coming year this split will widen owing to objective pressures. My trip has convinced me of the economic and social health and strength of the USSR and its allies. This fact is becoming widely known among the ruling groups and they don't talk anymore of collapse and such nonsense. In Italy and France

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there is a resurgence of left sentiment. In England the trade unions have swung their majority behind a disarmament policy. West Germany and its rearmament are scaring our other NATO allies. No one in Europe, left or right, trusts West Germany. Developments in Africa, Latin America, the Near East are going to create enormous pressures for change in American foreign policy. The socialist bloc is not going to be idle, and the UN itself will become a weapon for peace.

In the United States, too, there is considerable ferment which is not unrelated to the question of peace. The Negro struggle in our country is tied in with the liberation struggle throughout the world. It is possible that in the coming months progressives may participate in growing discussions on American policies.

This much is certain. The ruling class of the United States in the coming months will face enormous headaches, and it is my firm judgment that divisions within it will spill over into the public arena. The time is coming when the American people will learn the facts of international politics and will have something to say about them. I may be wrong, but of one thing I'm sure. There is no *theoretical* reason why this should not happen. The answer will be found in the struggle.

The military leaders themselves are quite naturally not enthusiastic for disarmament or for any steps that might curtail the freedom of action of the armed services. There is rather clearly a military elite emerging in the United States which is dedicated to a position of perpetual hostility toward the Soviet Union and which wields enormous political as well as military power.

A small but not negligible fraction of the $40 billion defense budget is invested judiciously each year in a well-conceived program of public and Congressional relations. As a result, the military lobby is now the strongest lobby in Washington. Were the State Department to negotiate successfully an arms control agreement with the Soviet Union and were the armed services united in their opposition to the agreement, the agreement would almost certainly be defeated by the Senate. There is little doubt that the armed services exert more control over Congress than that body exerts over the Defense Department. Indeed, the military elite is clearly in a position to assume actual political command over the U.S. striking forces if there are serious signs of "weakness" in U.S. foreign relations.

—*Harrison Brown and James Real, Community of Fear*

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AMERICA, THE BEAUTIFUL

Christmas is over but inevitably you will have forgotten a present for someone near or far and the nagging question remains: what to get him or her or them? In the *New York Times* of November 23, a column by Marylin Bender solves the problem for you. No need to do any more research—it's all done for you in this extract below.—The Editors

In the Christmas catalogue of Neiman-Marcus are "His and Her" airplanes "for a husband or wife who's utterly impossible to buy for." Color, style, cabin arrangement and navigational equipment can be custom ordered. Hers—a four seater—costs $27,000. His accommodates seven and costs $149,000. . . .

A sleeveless kneelength jacket that is meant to be worn at home over hostess pajamas can be bought for $7,950. It is made of chinchilla. . . .

Georges Kaplan, a Fifth Avenue furrier, has a double bedspread of chinchilla for $7,500 and throw pillows at $300 each.

Sable is provided for the woman who has everything else. Bergdorf Goodman has two versions: a $35,000 sable evening cape for "strictly after five" and a $45,000 coat of classic design for day or evening. In either case, Federal excise tax is extra.

One jeweler believes in roses for the woman who has everything. A single full-blown rose in a vase at Tiffany's is $150. A whole bouquet costs about $2,000. Of course, these roses last forever and require neither watering nor polishing. They are made of vermeil, gilded silver.

Further down Fifth Avenue, at Cartier's, brocade evening bags can be had for as much as $4,000. The extra zeros are caused by the gold frames and jeweled clasps.

For a gift giver who does not know the woman who has everything well enough for a highly personal gift, there is a key ring with a carved coral hand that holds a gold rope tassel tipped with precious gem beads and oriental pearls. The fourth finger of the little hand wears a tiny diamond. The key ring costs around $230.

A vicuna bathrobe can be custom ordered for a person of either sex at Sulka's. This year the price, which includes monogramming, is reduced from $750 to $550.

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Although Sulka has discontinued its fast selling mink-lined gloves for $40, it has an adequate supply of sculptured gold handled canes for $495, initialed gold garters for $96.80, tax included, and matching suspenders at $85.25. Printed velvet host jackets, which distinguish the host from his guests who wear black tie and jacket, are $320.

Do stores really sell expensive gifts that the recipients do not really need? "We keep stocking them so it is safe to conclude that we sell them," most shop spokesmen replied.

Peter F. Lynch, president of A. Sulka and Company, said, "We have reached the saturation point in purely practical gifts. The public is overloaded with them. Everybody has one of everything. As long as a gift provides some function and aesthetic quality, it will sell, no matter how extravagant. And it won't come back to the store the day after Christmas."

High taxes and competition from large corporations are commonly considered formidable obstacles for Americans who strive to acquire great wealth. Yet Government figures indicate more individuals have become millionaires since World War II than in any comparable earlier period.
—*Wall Street Journal,* September 12, 1960

With the great part of rich people, the chief employment of riches consists in the parade of riches, which in their eye is never so complete as when they appear to possess those decisive marks of opulence which nobody can possess but themselves.—*Adam Smith,* The Wealth of Nations

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In order to gain and to hold the esteem of men it is not sufficient merely to possess wealth or power. The wealth or power must be put in evidence, for esteem is awarded only on evidence.
—*Thorstein Veblen,* The Theory of the Leisure Class

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WORLD EVENTS

By Scott Nearing

Wanted: A Stable Currency

Stability in any currency depends upon the probability that the authority issuing the currency can and will fulfill its obligations and live up to its promises and guarantees. If it seems likely that the government of the United States can and will pay its debts on demand or on maturity, the dollar will be stable. People at home and abroad will then accept the dollar at face value and will use it as a reliable measure of purchasing power. If there is a probability or even a possibility that the government of the United States will not meet its obligations, the dollar will cease to be a dependable or "hard" currency and become undependable or "soft."

Before the war of 1914-1918 the dollar was one of many hard currencies. Each of the leading European powers used gold as currency, maintained a gold reserve in its treasury, and was prepared to exchange its paper currency, its notes, bonds, and other obligations for gold. The United States, at that time, also had a gold-based currency. Holders of government obligations could, on demand, exchange paper for gold. The price of gold in the United States was fixed by law at $20 per ounce. Other currencies were legally standardized, so that it was possible to exchange British pounds sterling, French francs, German marks, and United States dollars at fixed rates in terms of their gold content.

War changed the pattern. Military expenses sky-rocketed. Warring governments printed paper money and issued notes and bonds in huge quantities. Gold and silver disappeared from circulation. Business was done with credits, paper money, or postage stamps. In extreme cases one form of currency which had become worthless was abandoned and replaced by a new currency. The result was lack of confidence and extreme instability.

Since the United States did not enter the war until three

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years after its beginning in 1914, Europeans turned from the unstable pound, franc, and mark to the stable United States dollar, which was still on a gold basis. For a century much of the world's business had been done in pounds sterling. Under war pressure the dollar replaced the pound as the world's standard of financial reliability.

Dollars Take A Beating

The United States dollar has been set back on its heels three times during the past three decades. The first setback came with the ten-year business slump that began in 1929. It included a semi-paralysis of the economy, a bank "holiday" during which the entire financial apparatus of the country was out of commission, an end to the convertibility of paper money into gold, a prohibition against the holding of gold coins or bullion by United States citizens, and inflation of the gold price from $20 an ounce to $35 an ounce, which reduced the gold content of the dollar by almost half.

War in 1939 helped to move United States business out of depression into an era of war prosperity that lasted, with one slight downturn, until the end of the Korean War in 1953.

War prosperity, like everything else, has its price. During the 24 years from 1930 to 1954, total debt in the United States expanded sharply. The net federal debt rose from $16.5 to $230.2 billion. Tax expansion parallelled the expansion of debt. Federal taxes during the early 1930's ran at the rate of $2.7 billion per year. In 1946 they stood at $30.7 billion. By 1957 United States debt, public, corporate and private, totalled about $725 billion and the tax bill was running at about $98 billion per year.

Another element of instability entered the picture: deficit financing. Instead of operating out of surplus and keeping outgo below income, the Washington government picked up what income it could get, spent more than it took in, ran a deficit and added the deficit to the public debt. From 1931 to 1935 federal deficits averaged $2.4 billion per year; from 1936 to 1940 the average deficit was $3.2 billion. In 1945 the deficit was $53.9 billion; in 1946, $20.7 billion. Beginning with 1947 there were

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surpluses in five years and deficits in seven years to and including 1959.

Some of these years were war years, during which spending ran far beyond income. In 1943-1945 federal government expenses averaged $64 billion per year, income averaged $26 billion, leaving an average annual deficit of $38 billion. Other deficits were incurred during peacetime. The net result of this deficit spending was the spectacular increase of the public debt (noted above).

Promises to pay are valid so long as there is a probability that the promisor will redeem them. If the promises multiply without any corresponding increase in assets or income, decline in credit status is almost unavoidable.

One measure of this decline may be found in the decreasing purchasing power of the currency, sometimes called price inflation. Inflation has dogged the United States economy for two decades. Year by year the advance in prices is lowering the purchasing power of the dollar and thus increasing the cost of living. The purchasing power of the dollar, at retail prices, has declined from an index of 209 in 1940 to 100 in 1949 and 84 in 1959.

Recent weeks have witnessed a third assault on the dollar as the United States gold reserve has been progressively depleted. Although United States paper currency has not been convertible into gold since the devaluation in the 1930's, foreign creditors of the United States have been in a position to demand gold in payment for their credits. During the past three years these demands have reduced United States gold reserves to an alarming degree.

When President Eisenhower sent his mission to West Germany in mid-November, 1960, he stated that in the three previous years the deficit in United States balance of payments with the outside world had totalled about $10 billion and that between 1957 and 1960 United States gold stocks had decreased by $4.5 billion. In 1960 alone the gold loss had equalled about $1.5 billion, and the run on United States gold was continuing.

By November 28, 1960, United States gold reserves had fallen to $18 billion, the lowest figure in twenty years. To make matters worse, foreign claims which might be presented against United States gold reserves were about equal to the reserves

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themselves. Should they be presented and honored, they would reduce United States gold holdings to near zero.

These prospects led to a flurry of speculation in the European gold market, during which the price of gold went to more than $40 per ounce, against the official United States price of $35 per ounce.

Washington officials have taken several steps to readjust the balance of United States payments by reducing the number of persons (wives and children) living abroad with service men. The million service men now stationed overseas, together with their dependents, are spending some $900 million each year. A far larger item ($2,800 million) is spent yearly by United States tourists. Foreign aid involves the expenditure of about $3 billion per year and foreign investments more than $4 billion. Any substantial change in the status of tourists, foreign aid, and foreign investment would lead to far-reaching disturbances in domestic and foreign economies.

Will The Dollar Go Soft?

Washington's drive to protect the dollar and prevent it from going soft was summarized in the President's statement of November 28, 1960: "There must be a basic improvement in the United States balance of payments position as an essential part of maintaining the free world's financial system, depending as it does upon the dollar as a cornerstone." "Cornerstone" sounds like a good, solid, dependable word. However, there are cornerstones and cornerstones. We have seen some cornerstones so mealy and crumbly that they would not hold up a stack of paper cartons.

Commenting editorially on the President's statement the next day, the *Wall Street Journal* wrote: "The integrity of the dollar is already under attack. The gold drain has been steady and continuing; last week our gold stocks hit an 18 year low." World markets have bid the price of gold "well above the official dollar price on the confident, if cynical, assumption that the United States will not do the necessary things to avoid an overt devaluation of the dollar." The editorial then continued:

The question now is whether the cynicism of the world's markets is justified. Anyone who takes a look at history would be hard

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put to argue against it. In nation after nation the progression that leads to the destruction of the nation's currency has followed a familiar pattern to an all-too-familiar end. It begins with loose financial practices which seem supportable because the dangers are distant. Then as the consequences become more apparent, there are reassuring statements that things will be put right. Next come a series of measures designed not to stop the loose practices which are bringing on the danger but to "control" their effects. Finally comes the surrender of the currency. . . . Remember when the British pound, valued at $5, was the rock of Gibraltar on which firmly sat the world's currency structure?

Presumably, *Wall Street Journal* editors do not want the dollar to go soft. But they are well enough read in economic history and sufficiently acquainted with current experience to know that in the present period of disintegrating capitalist imperialism one currency after another has toppled into the slough of inflation and devaluation. Three decades ago the Roosevelt administration devalued the dollar to about half of its previous gold content. Many of the same forces that operated in the early 1930's are operating once more in the early 1960's. Many competent economists and responsible observers, both here and abroad, believe that the dollar will continue soft until it is further devalued.

Free World Versus Planned World

President Eisenhower's statement on the failure of Treasury Secretary Robert B. Anderson's begging mission to West Germany ended with this assurance: "The United States is determined to take whatever decisions are necessary and appropriate consistent with its devotion to a free economy and as are necessary to protect the integrity of the dollar."

We do not need a crystal ball to foresee that in the immediate future Washington will be forced to choose between a "free economy" and "the integrity of the dollar." The administration cannot have both. President Eisenhower may not be aware of the fact, but it is the freedom of the economy that has undermined the integrity of the dollar. The two stand at opposite poles. The growing imbalance between United States Gross National Product and consumer spending, overinvestment in pro-

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ductive capacity in the absence of available markets, gambling in stocks and real estate, the heaping up of a debt structure that now totals more than $850 billion (gross) are among the more evident results of free economy planlessness and irresponsibility. The profit-seekers who are operating the United States economy have one primary object: to make money for themselves and their overexpanded corporate enterprises. For such money-grubbers the integrity of the dollar is not a necessary fixture in a get-rich-quick financial structure. Institutionalized greed is its own enemy as well as an enemy of the society which it corrupts. Making rich men richer is a source of social weakness rather than social stability and strength.

A grocer or a blacksmith with a cash box in the corner of his shop may be an asset or a liability to the economy of which he is a part. But billion-dollar corporations piling up wealth and excess productive power at home and investing abroad in enterprises that will undersell and finally bankrupt the home producers, are wrecking the foundations upon which the integrity of the dollar and the solvency of the entire economy rest.

Until formulators of United States policy realize that a free economy based on a competitive struggle for wealth and power is digging its own grave, and turn from the insecurity of private greed and adventurism to the relative security of economic planning, the dollar will continue on its way toward inflation, degradation, and devaluation.

Operation Freedom

United States intervention in Cuba has passed through four stages: (1) restriction on trade, (2) slenderized diplomatic contacts, (3) sea and air patrol of the Caribbean, (4) million dollar relief for anti-Castro Cubans now in Florida. Three other steps remain to be taken: (5) drilling and arming anti-Castro groups in Florida and/or Central America, (6) transporting and convoying the "freedom fighters" to Cuba, and (7) in case of need supplying them by ship and plane from the United States or from the Guantanamo base. "Operation Freedom" will have the aim of enabling free enterprisers and freebooters to resume their plundering of Cuban resources and their exploitation of the Cuban people.

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(*continued from inside front cover*)

to publish outstanding material whenever we get it, but it does mean that it would be foolish for us to try to allocate space in accordance with any set formula. To sum up: we have to devote most space to what we think we can do best, and right now Cuba stands at the top of the list.

MR Press has accepted for publication what we think will be an important book on the cold war and disarmament by Joseph P. Morray, formerly Professor in the Department of Speech (actually a sort of liberal arts college in microcosm) at the University of California. Dr. Morray, who is now in Cuba on a research grant, has served for seven years in the United States diplomatic service and was trained in international law at Harvard and the Sorbonne. His book *Pride of State* (Beacon Press, 1959) is an eloquent and incisive commentary on the uses of patriotism in a capitalist society. We know of no one better qualified to write on the cold war and disarmament, nor do we know of a more important subject.

We receive many more requests to publish notices in this space than we can meet. Nevertheless, we like to squeeze one or two in when possible: (1) There is probably no more famous name in American labor history than Coeur d'Alene. Since last May 5th another bitter labor battle has been under way in that Idaho town, this time a strike of the Mine-Mill union against the Bunker Hill company. As we go to press the strike is still on, and the local union is badly in need of funds and warm clothing. Send all contributions to Coeur d'Alene Local 18 Strike Committee, P. O. Box 939, Kellogg, Idaho. (2) The great Mexican painter David Alfaro Siqueiros is in jail under Mexico's version of the Smith Act, in large part because of his vigorous support of the Cuban Revolution. Friends in Mexico City think that letters of protest from the United States, particularly from American intellectuals, may have a considerable effect. They should be addressed to the President of the Republic, Sr. Adolfo Lopez Mateos, Palacio Nacional, Mexico D. F.—and can, of course, be in English.

Station KPFA of Berkeley, California, writes that on December 26th it will present a reading of "The Plundered Continent" by Paul Johnson which appeared in the November issue of MR. We thought it a highly effective piece and are glad that KPFA agrees.

We have received the welcome news that an effort is under way to publish Korean translations of a number of MR books and pamphlets in South Korea. Hitherto, the censorship has been far too strict to allow any such project to succeed, and the fate of the present project still hangs in the balance. Private communications from Seoul have convinced us that there is a tremendous socialist potential among the workers and students of South Korea, and we would naturally be honored if we could make a contribution to its realization.

We strongly recommend the latest issue of *Studies on the Left* (Vol. 1, No. 3). It contains material on the Cuban Revolution not elsewhere available in English (an article by Sartre and theoretical comments by Che Guevara), as well as an excellent study of Woodrow Wilson's liberalism, and other interesting articles and book reviews. This is by far the best number the editors have yet produced and gives grounds for hoping that a really good left-wing student review is possible in this country today. A subscription costs $2.50 (foreign $3.00) a year, and we hope many MR readers will want to support and read the magazine. Address: P. O. Box 2121, Madison 5, Wisconsin.

To end on a gloomy note: the price of a sub to MR goes up—on account of rising costs—to $5 with this issue, the newsstand price to 50 cents a copy.

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	List Price	Price with Sub
American Radicals, edited by Harvey Goldberg, paper	$1.25	$6.00
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